



GA - SEGONYANA MUNICIPALITY
Annual Financial Statements
for the year ended 30 June 2010

G'A - SEGONYANA MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

General Information

Executive committee

Mayor

VE Makoke

Councillors

KG Olepeng - Speaker

FP Byleveld

EB Modise

TE Meyers

OG Monaki

KD Pedinyane

KA Keikabile

OA Gaetsewe

BE Leserwane

CS Riet

J Motaung

KG Mosikatsi

BA Motlatsi

OD Nosang

M Brink

NG Morogong

BM Mosegedi

Grading of local authority

Grade 3

Members of Finance Standing Committee

VE Makoke - Chairperson

OD Nosang

BA Motlatsi

OA Gaetsewe

Accounting Officer

EA Gaborone

Registered office

Corner of Voortrekker and Skool Street

KURUMAN

8460

Postal address

Private Bag X 1522

KURUMAN

8460

Bankers

ABSA Bank

Auditors

The Auditor General

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The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

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Abbreviations

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

A report of the accounting officer has not been prepared as the municipality is a wholly owned controlled entity of which is incorporated in South Africa.

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Accounting officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP).

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2011 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality is wholly dependent on the government for continued funding of operations. The annual financial statements are prepared on the basis that the municipality is a going concern and that the government has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

Although the are primarily responsible for the financial affairs of the municipality, they are supported by the municipality's external auditors

The annual financial statements set out on pages 4 to 25, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2010 and were signed on its behalf by:



Accounting Officer

GA - SEGONYANA MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

Statement of Financial Position

Figures in Rand

	Note(s)	2010	2009
Assets			
Current Assets			
Inventories			
Trade and other receivables from exchange transactions	4	6,824,701	4,044,844
Other receivables from non-exchange transactions	5	19,152,834	25,745,895
VAT receivable		9,168,453	-
Cash and cash equivalents	7	154,959	-
		4,908,679	1,053,884
		40,209,626	30,844,623
Non-Current Assets			
Biological assets		-	-
Property, plant and equipment	2	-	-
Investments	3	167,759,837	155,194,251
		498	358
		167,760,335	155,194,609
Non-Current Assets		167,760,335	155,194,609
Current Assets		40,209,626	30,844,623
Total Assets		207,969,961	186,039,232
Liabilities			
Current Liabilities			
Trade and other payables from exchange transactions	10	4,848,236	2,720,699
Unspent conditional grants and receipts		5,639,577	8,597,054
Provisions	8	4,318,007	3,478,007
Loans short term		5,349,969	4,293,349
		20,155,789	19,089,109
Non-Current Liabilities			
Consumer deposits		-	1,480,532
DBSA loans	X	-	-
ABSA Loan	9	32,127,895	37,303,789
		188,214	-
		32,316,109	38,784,321
Non-Current Liabilities		32,316,109	38,784,321
Current Liabilities		20,155,789	19,089,109
Liabilities of disposal groups		-	-
Total Liabilities		52,471,898	57,873,430
Assets		207,969,961	186,039,232
Liabilities		(52,471,898)	(57,873,430)
Net Assets		155,498,063	128,165,802
Net Assets			
Accumulated surplus		155,498,063	18,885,075

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Annual Financial Statements for the year ended 30 June 2010

Statement of Financial Performance

Figures in Rand	Note(s)	2010	2009
Revenue			
Revenue	11	139,791,667	109,634,658
Other income		139,791,667	109,634,658
Operating expenses		2,341,097	-
		(130,046,955)	(109,166,533)
		139,791,667	109,634,658
		(127,705,858)	(109,166,533)
Operating surplus			
Finance costs		12,085,809	468,125
Profit (loss) for the period from continuing operations	20	(3,848,286)	(7,521,811)
Profit (loss) from discontinued operations		8,237,523	(7,053,686)
		-	-
Surplus (deficit) for the year		8,237,523	(7,053,686)

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Annual Financial Statements for the year ended 30 June 2010

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Balance at 01 July 2008		
Changes in net assets	687,678	687,678
Financial assets	1,595,727	1,595,727
Net income (losses) recognised directly in net assets	1,595,727	1,595,727
Surplus for the year	(7,053,686)	(7,053,686)
Total recognised income and expenses for the year	(5,457,959)	(5,457,959)
Transfer Retained surplus	21,844,937	21,844,937
Transfer of prior year creditors	1,810,417	1,810,417
Total changes	18,197,395	18,197,395
Balance at 01 July 2009	18,885,075	18,885,075
Changes in net assets		
Surplus for the year	8,237,523	8,237,523
Increase in accumulated funds	46,015,608	46,015,608
Transfer of loans redeemable	(4,780,274)	(4,780,274)
Transfer of accumulated depreciation	87,140,131	87,140,131
Total changes	136,612,988	136,612,988
Balance at 30 June 2010	155,498,063	155,498,063

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Annual Financial Statement for the year ended 30 June 2010

	Note	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Taxation		177,402,141	219,794,023
Sales of goods and services			
Grants		107,455,436	46,916,502
Interest received		66,262,349	34,285,652
Other receipts		340,049	187,276
Payments		3,344,307	138,404,593
Employee costs		130,501,471	121,489,815
Suppliers		38,554,940	33,301,637
Interest paid		75,782,214	44,534,513
Other payments		3,848,286	7,709,087
Net cash flows from operating activities		12,316,031	35,944,578
		46,900,670	98,304,208
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets			
Proceeds from sale of fixed assets		(38,250,955)	(108,923,118)
Proceeds from sale of investments			5,000,000
Purchase of foreign currency securities			
Net cash flows from investing activities		(38,250,955)	(103,923,118)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings			5,987,602
Repayment of borrowings			(3,834,239)
Proceeds from finance lease liability		(4,794,920)	
Repayment of finance lease liability			
Net cash flows from financing activities		(4,794,920)	2,153,363
Net increase / (decrease) in net cash and cash equivalents		3,854,795	(3,465,547)
Net cash and cash equivalents at beginning of period		1,053,884	4,519,431
Net cash and cash equivalents at end of period	7	4,908,679	1,053,884

Accounting Policies

1.1. BASIS OF PREPARATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

These annual financial statements have been prepared in accordance with Directive 5 "Determining the GRAP Reporting Framework", issued by the Accounting Standards Board.

The standards are summarised as follows:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	The Effects of changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associate
GRAP 8	Interests in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economics
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events after the reporting date
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment (PPE)
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 100	Non-Current Assets Held for Sale and Discontinued Operations
GRAP 101	Agricultural
GRAP 102	Intangible assets
IPSAS 20	Related Party Disclosure
IFRS 3 (AC140)	Business Combinations
IFRS 4 (AC141)	Insurance Contracts
IFRS 6 (AC143)	Exploration for and Evaluation of Mineral Resources
IFRS 7 (AC144)	Financial Instruments: Disclosure
IFRS 12 (AC102)	Income Taxes
IFRS 19 (AC116)	Employee Benefits
IFRS 32 (AC125)	Financial Instruments: Presentation
IFRS 39 (AC133)	Recognition and Measurement

Accounting Policies

SIC – 20 (AC421)	Income Taxes – Recovery of Revaluated Non-Depreciable Assets
SIC – 25 (AC425)	Income Taxes – Changes in the Tax Status on an Entity or its Shareholders
SIC – 29 (AC429)	Service Concessions Arrangements – Disclosures
IFRIC 2 (AC435)	Members' Shares in Co-operative Entities and Similar Instruments
IFRIC 4 (AC437)	Determining whether an Arrangement contains a Lease
IFRIC 9 (AC442)	Reassessment of Embedded Derivatives
IFRIC 12 (AC445)	Service Concession Arrangements
IFRIC 13 (AC446)	Customer Loyalty Programmes
IFRIC 14 (AC447) IAS19	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IFRIC 15 (AC448)	Agreements for the Construction of Real Estate
IFRIC 16 (AC449)	Hedges in a Net Investment in a Foreign Operation

Accounting policies for material transactions, events or conditions not covered by the above GRAP have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3.

A summary of the significant accounting policies, which have been consistently applied except where an exemption or transitional provision has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant notes to the Financial Statements.

In terms of Directive 4: "Transitional Provisions for Medium and Low Capacity Municipalities" issued by the Accounting Standards Board the municipality has adopted the transitional provisions for the following GRAP Standards:

GRAP 12 – Inventories;
GRAP 13 – Leases;
GRAP 16 – Investment Property;
GRAP 17 – Property, Plant and Equipment;
GRAP 19 – Provisions, Contingent Liabilities and Contingent Assets;
GRAP 100 – Non-current Assets Held for Sale and Discontinued Operations;
GRAP 102 – Intangible Assets.

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. No financial values are given in an abbreviated display format. No foreign exchange transactions are included in the statements.

1.3. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

1.4. COMPARATIVE INFORMATION

Budget information in accordance with GRAP 1, has been provided in an annexure to these financial statements and forms part of the audited annual financial statements.

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Accounting Polices

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.4. COMPARATIVE INFORMATION

Budget information in accordance with GRAP 1, has been provided in an annexure to these financial statements and forms part of the audited annual financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

GRAP 18	Segment Reporting
GRAP 21	Impairment of non-cash-generating assets
GRAP 23	Revenue from Non-Exchange Transactions (Taxes and Transfers)
GRAP 24	Presentation of Budget Information in Financial Statements
GRAP 25	Employee Benefits
GRAP 26	Impairment of cash-generating assets
GRAP 103	Heritage Assets

1.6. FOREIGN CURRENCY TRANSACTIONS

The Municipality will not incur a foreign currency liability other than that allowed by the MFMA.

1.7. LEASES

1.7.1 Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Transfer of ownership is not required to be recognised as a finance lease. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Accounting Policies

The accounting policies relating to derecognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease.

1.7.2 Municipality as Lessor

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

1.8. UNSPENT CONDITIONAL GRANTS

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.9. PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

(a) The municipality has a detailed formal plan for the restructuring identifying at least:

- the business or part of a business concerned;
- the principal locations affected;

Accounting Policies

- the location, function and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- when the plan will be implemented.

(b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date.

Provisions shall be reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision shall be reversed.

1.10 EMPLOYEE BENEFITS

(a) *Accrued Leave Pay*

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee.

1.11 PROPERTY, PLANT AND EQUIPMENT

1.11.1 *Initial Recognition*

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.11.2 *Subsequent Measurement – Cost Model*

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

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Annual Financial Statements for the year ended 30 June 2010

Accounting Policies

1.11.3 Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual depreciation rates are based on the following estimated useful lives

<u>Infrastructure</u>	<u>Years</u>	<u>Other</u>	<u>Years</u>
Roads and Paving	15-20	Buildings	20-30
Pedestrian Malls	30	Specialist vehicles	5
Electricity	20-30	Other vehicles	5
Water	10-20	Office equipment	5
Sewerage	15-20	Furniture and fittings	7-10
Housing	30	Watercraft	15
		Bins and containers	5
<u>Community</u>		Specialised plant and	
Buildings	20-30	Equipment	10-15
Recreational Facilities	30	Other plant and	
Security	5	Equipment	5
Halls	20-30	Landfill sites	15
Libraries	20-30	Quarries	25
Parks and gardens	30	Emergency equipment	10
Other assets	15-20	Computer equipment	5
<u>Heritage assets</u>			
No depreciation			
<u>Finance lease assets</u>			
Office equipment	5		
Other assets	5		

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment charged to the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.11.4 De-recognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.12. INTANGIBLE ASSETS

1.12.1 Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

Accounting Policies

- is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- Arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

1.12.2 Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.12.3 Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

<u>Intangible Assets</u>	<u>Years</u>
Computer Software	5

1.12.4 De-recognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.13 INVESTMENT PROPERTY

1.13.1 Initial Recognition

Investment property shall be recognised as an asset when, and only when:

Accounting Policies

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

The cost of self-constructed investment property is the cost at date of completion.

1.13.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

1.13.3 Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

<u>Investment Property</u>	<u>Years</u>
Buildings	30

1.13.4 De-recognition

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.14. NON-CURRENT ASSETS HELD FOR SALE

1.14.1 Initial Recognition

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

1.14.2 Subsequent Measurement

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

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A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

1.15. IMPAIRMENT OF ASSETS

The municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the municipality estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the municipality estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement.

1.16. INVENTORIES

1.16.1 Initial Recognition

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

1.16.2 Subsequent Measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost.

Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the weighted average method.

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1.17. FINANCIAL INSTRUMENTS

Financial instruments recognised on the balance sheet include trade and other receivables, cash and cash equivalents, annuity loans and trade and other payables.

1.17.1 Initial Recognition

Financial instruments are initially recognised when the municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss; transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

1.17.2 Subsequent Measurement

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to-maturity, loans and receivables, or available for sale. Financial Liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

1.17.2.1 Investments

Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairments and is calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

1.17.2.2 Trade and Other Receivables

For amounts due from debtors carried at amortised cost, the municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of

future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance

account. If a future write-off is later recovered, the recovery is recognised in the income statement. The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment

Accounting Policies

loss is the current effective interest rate.

1.17.2.3 Trade Payables and Borrowings

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.17.2.4 Cash and Cash Equivalents

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

1.17.3 De-recognition of Financial Instruments

1.17.3.1 Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the municipality has transferred substantially all the risks and rewards of the asset, or (b) the municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, a new asset is recognised to the extent of the municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the municipality's continuing involvement is the amount of the transferred asset that the municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1.17.3.2 Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

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1.17.4 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

1.18. REVENUE

1.18.1 Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue shall be measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

1.18.2 Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered/ goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied

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monthly based on the recorded number of refuse points per property.

Service charges from sewerage are based on a basic charge as per Council resolution.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Revenue shall be measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the entity and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating; or
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue and in accordance with the relevant Standards of GRAP on Financial Instruments.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

1.18.3 Grants, Transfers and Donations (Non-Exchange Revenue)

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

1.19. RELATED PARTIES

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in

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or exercise significant influence over the other party in making financial and/or operating decisions. It includes full-time councillors, being the Executive Mayor, Deputy Mayor and Speaker. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

1.20. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.21. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.22. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.23. CONTINGENT LIABILITIES

All known contingent liabilities are reflected in the financial statements.

1.24. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

Operating lease commitments – the Municipality as lessor

The Municipality has entered into commercial property leases on its investment property portfolio. The Municipality has determined that it retains all the significant risks and rewards of ownership of these properties, and so accounts for them as operating leases.

Pension and other post-employment benefits

The cost of defined benefit pension plans and other employment medical benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Impairment of trade receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

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Property, plant and equipment

The useful lives of assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Provisions and contingent liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the effect of discounting is material using actuarial valuations.

Revenue Recognition

Accounting Policy 1.20.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.20.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GAMAP 9: Revenue, as far as Revenue from Non-Exchange Transactions is concerned (see Basis of

Preparation note 1.20 above). Specifically, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. Revenue from the issuing of spot fines and summonses has been recognised on the accrual basis using estimates of future collections based on the actual results of prior periods. The management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

1.25 TAXES – VALUE ADDED TAX

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

1.26. AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include fundamental errors, and the treatment of assets financed by external grants.

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	2010	2009
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2. Property, plant and equipment

	2010			2009		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Plant and machinery	254,899,968	(87,140,131)	167,759,837	220,535,623	(65,341,372)	155,194,251

Reconciliation of property, plant and equipment - 2010

	Opening balance	Additions	Depreciation	Total
Plant and machinery	216,649,013	38,250,955	(87,140,131)	167,759,837

Reconciliation of property, plant and equipment - 2009

	Opening balance	Depreciation	Total
Plant and machinery	220,535,623	(65,341,372)	155,194,251

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection.

3. Investments

Suidwes	498	358
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4. Inventories

Stores, materials and fuels	6,824,701	4,044,844
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5. Trade and other receivables from exchange transactions

Trade debtors		
Employee costs in advance	18,899,863	17,020,121
Deposits	15,824	14,002
VAT	82,188	82,188
Sundry debtors	154,959	6,444,627
	-	2,184,957
	19,152,834	25,745,895

6. Consumer debtors

Services

Current (0 -30 days)		
31 - 60 days	4,135,708	3,178,490
61 - 90 days	2,590,423	1,298,298
91 - 120 days	792,292	867,817
121 - 365 days	559,188	13,852,521
	10,822,252	-
	18,899,863	19,197,126

Electricity

Current (0 -30 days)		
31 - 60 days	2,569,131	-
61 - 90 days	520,206	-
91 - 120 days	350,640	-
121 - 365 days	181,315	-
	794,694	-

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The Municipality has the following bank accounts:

40 5218 3325

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7. Cash and cash equivalents (continued)

Cheque account (TMT Account) - ABSA Bank Kimberly Account Number 40 6020 4391

8. Provisions

Reconciliation of provisions - 2010

	Opening Balance	Additions	Utilised during the year	Total
Provision for leave	1,357,454	465,108	(718,216)	1,104,346
Provision for bad debts	2,177,005	1,066,110	(29,454)	3,213,661
	3,534,459	1,531,218	(747,670)	4,318,007

Reconciliation of provisions - 2009

	Opening Balance	Additions	Utilised during the year	Total
Provision for leave	2,355,232	-	(997,778)	1,357,454
Provision for bad debts	-	2,120,553	-	2,120,553
	2,355,232	2,120,553	(997,778)	3,478,007

9. Contingent liabilities

During the year the Municipality was involved in the following cases:

1. Erf 489 - Summons were received from TEB properties who demanded payment of R2million for the purchase price and improvements made. The Legal service provider advised that we consider arranging a settlement meeting with the opponents.
2. Bophirima Black Contractors - The matter was defended and Plaintiff estopped from proceeding with matter as its summonses were badly drafted in law and ordered to cure its summons before they could proceed. The Plaintiff has not acted on the matter, the matter is not proceeding at Court, we are awaiting on Plaintiff to act.
3. Trespass Security - Plaintiff claiming R2 million breach of contract by Municipality by not awarding them the Security tender. The matter has been defended, currently Plaintiff employs dilatory tactics by not committing to trial date. A cost order for wasted costs recently obtained against Plaintiff. Awaiting trial date on the matter.
4. Leungo Enterprise CC - Summons were received from Leungo claiming payment of R1,5 million for professional services rendered in terms of the 4500 Kuruman Integrated Housing Project. The matter was defended and the Municipality is in the exchange of pleadings stage.

10. Trade and other payables from exchange transactions

Trade payables		
Retentions	(1)	6,973
Deposits received	2,237,341	1,950,681
	2,610,896	763,045
	4,848,236	2,720,699

11. Revenue

Property rates		
Service charges	11,741,853	10,808,856
Rental of facilities & equipment	58,938,008	46,913,171
	1,376,563	1,132,095

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Figures in Rand	2010	2009
11. Revenue (continued)		
Public contributions and donations	411	-
Fines	1,676,087	2,283,682
Licences and permits	2,944,384	4,285,708
Government grants & subsidies	62,666,298	34,285,652
Interest received (Trading)	340,049	187,276
Fees Earned	1,263,177	1,164,349
Other Income	1,077,920	8,761,145
Miscellaneous other revenue	108,014	-
	142,132,764	109,821,934

The amount included in revenue arising from exchanges of goods or services are as follows:

Service charges	58,938,008	46,913,171
Rental of facilities & equipment	1,376,563	1,132,095
Licences and permits	2,944,384	4,285,708
Miscellaneous other revenue	108,014	-
	63,366,969	52,330,974

The amount included in revenue arising from non-exchange transactions is as follows:

Property rates	11,741,853	10,808,856
Public contributions and donations	411	-
Fines	1,676,087	2,283,682
Government grants & subsidies	62,666,298	34,285,652
	76,084,649	47,378,190

12. Service charges

Sale of electricity	39,905,084	22,839,167
Sale of water	7,464,868	8,070,970
Sewerage and sanitation charges	7,065,962	6,664,371
Refuse removal	4,502,094	4,213,020
	58,938,008	41,787,528

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13. Government grants and subsidies

Equitable share	39,086,361	29,927,902
Library development	356,000	346,000
MSIG	850,000	735,000
FMG	750,000	1,000,000
DAFF	2,666,587	3,276,750
MIG	18,957,350	-
	62,666,298	35,285,652

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

The Equitable Share is an Unconditional Grant, and is utilised to assist the local municipality to undertake service delivery.

FMG

Balance unspent at beginning of year	687,763	-
Current-year receipts	750,000	-
Conditions met - transferred to revenue	(1,095,000)	-
Other	81,333	-
	424,096	-

MIG

Current-year receipts	22,553,401	-
Conditions met - transferred to revenue	(19,322,913)	-
	3,230,488	-

DME

Balance unspent at beginning of year	541,953	-
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Water and Sanitation Master Plan

Balance unspent at beginning of year	26,132	-
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Amogelang

Balance unspent at beginning of year	1,215,384	-
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Library Development

Current-year receipts	356,000	-
Other	(355,547)	-
	453	-

MSIG

Balance unspent at beginning of year	431,358	-
Current-year receipts	350,000	-
Conditions met - transferred to revenue	(1,079,834)	-
	201,524	-

GA - SEGONYANA MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

Notes to the Annual Financial Statements

Figures in Rand	2010	2009
14. Other income		
Advertising signs	9,073	5,401
Lost books	2,101	1,800
Land usage/reconstruction	36,764	25,747
Projecting structures	3,202	3,342
Private work	17,305	2,149
Brake test	564	-
Impound vehicle	978	1,594
SETA	161,735	132,804
Clearance certificate	33,297	31,195
Connection fees	82,616	-
Building clause	730,285	621,975
Other income	-	7,935,138
	1,077,920	8,761,145
15. General expenses		
Advertising	244,152	204,743
Assessment rates & municipal charges	-	6,151,183
Auditors remuneration	2,024,558	1,249,732
Bank charges	302,516	465,379
Cleaning	245,018	268,778
Computer expenses	50,899	71,962
Legal and professional fees	1,975,647	2,549,035
Entertainment	225,157	675,511
Animal Costs	32,956	2,629
Insurance	1,255,690	952,706
Conferences and seminars	1,866	4,685
Lease rentals on operating lease	939,091	851,150
Magazines, books and periodicals	75,627	438,933
Medical expenses	2,291	18,413
Postage and courier	278,901	268,989
Printing and stationery	174,238	593,569
Security (Guarding of municipal property)	1,486,510	892,026
Software expenses	82,260	73,656
Staff welfare	109,018	102,329
Subscriptions and membership fees	204,576	199,899
Telephone and fax	621,784	503,035
Training	580,929	294,391
Travel - local	852,074	729,761
Title deed search fees	11,049	4,966
Electricity	2,390,589	3,031,955
Sewerage and waste disposal	238,505	127,512
Water	1,989,157	9,462,349
Refuse	427,548	396,613
Chemicals	143,881	160,346
Other expenses	16,475,959	7,635,188
	33,442,446	38,381,423

GA - SEGONYANA MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

Notes to the Annual Financial Statements

Figures in Rand

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16. Employee related costs

Basic	24,661,464	21,825,521
Bonus	1,680,885	1,379,021
Medical aid - company contributions	2,074,733	1,338,055
UIF	255,875	224,641
Other payroll levies	140,300	146,911
Leave pay provision charge	650,870	-
Post-employment benefits - Pension - Defined contribution plan	4,062,644	3,646,695
Overtime payments	1,097,027	942,223
Acting allowances	516,862	421,906
Car allowance	1,923,957	2,692,812
Housing benefits and allowances	1,592,442	374,613
Standby allowance	284,166	93,842
Telephone allowance	211,094	189,997
Clothing allowance	21,793	18,000
Tool allowance	27,698	3,200
Caretaker	4,000	4,200
	39,205,810	33,301,637

Remuneration of Municipal Manager

Annual Remuneration	664,808	566,808
Car Allowance	106,800	106,800
Contributions to UIF, Medical and Pension Funds	26,392	26,392
	798,000	700,000

Remuneration of Chief Finance Officer

Annual Remuneration	487,637	442,836
Car Allowance	72,000	90,000
Other	78,763	27,164
	638,400	560,000

Remuneration of Technical Services Manager

Annual Remuneration	495,228	426,036
Car Allowance	106,800	106,800
Contributions to UIF, Medical and Pension Funds	36,372	27,164
	638,400	560,000

Remuneration of Community Services Manager

Annual Remuneration	428,707	411,636
Car Allowance	72,000	106,800
Contributions to UIF, Medical and Pension Funds	123,293	27,164
Housing allowance	14,400	14,400
	638,400	560,000

Corporate and human resources (corporate services)

Annual Remuneration	469,637	442,836
Car Allowance	72,000	90,000
Contributions to UIF, Medical and Pension Funds	96,763	27,164
	638,400	560,000

GA - SEGONYANA MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

Notes to the Annual Financial Statements

Figures in Rand	2010	2009
17. Remuneration of councillors		
Major	555,008	558,722
Speaker	444,005	457,514
Exco Councillors	686,820	1,139,000
Councillors	2,164,513	1,938,000
	3,850,346	4,093,236
18. Administrative expenditure		
Administration and management fees - third party	-	6,131,200
19. Debt impairment		
Debt impairment	418,400	2,120,553
20. Finance costs		
Non-current borrowings	3,839,025	7,709,087
Bank	9,261	-
	3,848,286	7,709,087
21. Auditors' remuneration		
Fees	2,024,558	1,249,732
22. Bulk purchases		
Electricity	23,224,531	15,620,943
Sewer purification	-	-
	23,224,531	15,620,943
23. Commitments		
Authorised capital expenditure		
Work in progress		
• Elec New Connection	1,015,418	-
• MIG High mast lights	5,901,297	-
• Pre-paid water B/B	22,339	-
• Amogelang Early	23,480	-
• Kuruman Reservoir	372,267	-
• Elec Industrial Sites	76,625	-
• Mothibi Bulk water	3,452,800	-
• Kagung Community Hall	285,116	-
• Gantatelang Water	125,302	-
• Vergenoeg Feasibility Study	143,560	-
• DME Elec B/B	203,868	-
	11,622,072	-
24. Irregular expenditure		

Legal and professional fees includes an amount of R873 643 paid to Koikanyang Inc. An amount of R762 012 was erroneously paid to Koikanyang Inc instead of Pyper Majaphage. The amount was not paid back to the Municipality instead it was transferred directly to Pyper Majaphage by Koikanyang Inc.

GA - SEGONYANA MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

Notes to the Annual Financial Statements

Figures in Rand	2010	2009
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25. Going concern

We draw attention to the fact that at 30 June 2010, the municipality had accumulated deficits of R 155,498,063 and that the municipality's total liabilities exceed its assets by R 155,498,063.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

26. Comparison with Budget

The comparison of the Municipality's Actual Financial Performance with the Budget is set out in Appendix D and E(1).

27. Exceptions taken according to those in Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities

27.1 GRAP 19 - Provisions, Contingent Liabilities and Contingent Assets

The Municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in March 2009. The Municipality did not measure all provisions, contingent liabilities or contingent assets relating to Property, Plant and Equipment.

The Municipality is currently in a process of identifying all provisions which must be measured in terms of GRAP 19 and it is that this process will be completed for inclusion in the 2011 financial statements.

27.2 GRAP 100 Non-current assets and discontinued operations.

The Municipality opted to take advantage of the transitional provision as contained in Directive 4 of the Accounting Standards Board, issued in March 2009. The Municipality did not recognise non-current assets held for sale and discontinued operations relating to Inventories, Investment Properties, Property, Plant and Equipment, Agriculture and Intangible Assets which are not recognised in terms of the transitional provisions relating to those standards.

27.3 GRAP 16 Investment Property

The Municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in March 2009. The Municipality did not recognise all the Investment Properties.

The Municipality is currently in a process of identifying all Investment Properties and have it valued in terms of GRAP 16 and it is expected that this process will be completed for inclusion in the 2011 financial statements.

Since the previous reporting date the following Investment Properties were measured at fair value in accordance with GRAP 16 and restated retrospectively.

27.4 GRAP102 Intangible Assets

The Municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in March 2009. The Municipality did not recognise or measure all the Intangible Assets in accordance with the standard, including the following:

Computer Software;
Intangible Assets financed by way of finance lease;
Intangible Assets transferred as a result of the transfer of function; and
Servitudes.

The Municipality is currently in a process of identifying all Intangible Assets and have it valued in terms of GRAP 102 and it is expected that this process will be completed for inclusion in the 2011 financial statements. It is possible that certain intangible assets are currently being recognised as Property, Plant and Equipment.

Since the previous reporting date the following Intangible Assets were measured in accordance with GRAP 102 and restated retrospectively:

GA - SEGONYANA MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

Notes to the Annual Financial Statements

Figures in Rand

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27. Exemptions taken according to those in Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities (continued)

Computer Software;

Accumulated amortisation on computer software

Total not previously recognised now restated retrospectively

27.5 GRAP 12 Inventories

The Municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in March 2009. The Municipality did not recognise the following inventories.

Water;

Land held for sale; and

The Municipality is currently in a process of identifying all inventories which must be measured in terms of GRAP 12 and it is expected that this process will be completed for the inclusion in the 2011 financial statement.

Since the previous reporting date the following inventories were measured in accordance with GRAP 12 and restated retrospectively:

27.6 GRAP 17 Property, Plant and Equipment

Exemptions taken according to Directive 4 - Transitional Provisions for medium and Low Capacity Municipalities.
Refer to Note 13

The Leased property, plant and equipment is secured as set out in Note 5.

Land and Buildings were revalued on 1 July 2008 by an independent valuer, Valudata. Fair values were determined by reference to observable prices in the active market or recent market transactions on arm's length transactions.

The book value of Property, Plant and Equipment would have been R41 383 847 on 30 June 2010. If no revaluation took place.

Refer to Appendix B for more details on property, plant and Equipment, including those in the course of construction.

The Municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in March 2009. The Municipality did not measure all the Property, Plant and Equipment in accordance with the standard, including the following:

Land;

Property, Plant and Equipment financed by way of finance leases;

Property, Plant and Equipment financed by way of provisions;

Property, Plant and Equipment transferred as a result of the transfer of functions; and

Componentised infrastructure Assets.

The Municipality is currently in a process of identifying all Property, Plant and Equipment and have it valued in terms of GRAP 17 and it is expected that this process will be completed for inclusion in the 2011 financial statements. The Municipality is in the process of itemizing all infrastructure and community assets and will recalculate depreciation once this exercise has been completed by 30 June 2011. At present depreciation on these assets is calculated on an averaging basis whereby an average useful life has been estimated for each category of infrastructure and community assets, using global historical costs recorded in the accounting records.

The Municipality did not measure the following, in terms of the transitional provisions:

Review of useful life of item of PPE recognised in the annual financial statements.

Review of the depreciation methods applied to PPE recognised in the annual financial statements.

Review of residual values of item of PPE recognised in the annual financial statements.

Impairment of non-cash generating assets.

Impairment of cash generating assets.

GA - SEGONYANA MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

Detailed Income statement

Figures in Rand	Note(s)	2010	2009
Revenue			
Property rates		11,741,853	10,808,856
Service charges	12	58,938,008	46,913,171
Rental of facilities and equipment		1,376,563	1,132,095
Interest received (trading)		340,049	187,276
Public contributions and donations		411	-
Fines		1,676,087	2,283,682
Licences and permits		2,944,384	4,285,708
Government grants & subsidies	13	62,666,298	34,285,652
Miscellaneous other revenue		108,014	-
Fees earned		1,263,177	1,164,349
Other income	14	1,077,920	8,761,145
Total Revenue		142,132,764	109,821,934
Expenditure			
Salaries and allowances	16	(39,205,810)	(33,301,637)
Administration	18	-	6,131,200
Depreciation and amortisation		(11,720,180)	(1,698,815)
Finance costs	20	(3,848,286)	(7,709,087)
Debt impairment	19	(418,400)	(2,120,553)
Collection costs		(121,274)	-
Repairs and maintenance		(21,914,314)	(18,043,162)
Bulk purchases	22	(23,224,531)	(15,620,943)
General Expenses	15	(33,442,446)	(38,381,423)
Total Expenditure		(133,895,241)	(116,875,620)
Revenue		142,132,764	109,821,934
Expenditure		(133,895,241)	(116,875,620)
Other		-	-
Surplus (deficit) for the year		8,237,523	(7,053,686)

GA-SEGONYANA LOCAL MUNICIPALITY

APPENDIX A

SCHEDULE OF EXTERNAL LOANS

30 June 2010

EXTERNAL LOANS	Loan		Redeemable Date	Balance 1 July 2009	Received during the period	Redeemed / written off during the period	Balance 30 June 2010	Carrying Value of Property, Plant & Equipment	Other Costs in accordance with MFMA
	Amount	R							
11099 102	7,970,566.14	2018/06/30	6,200,317	R	361,256	R	5,839,061		
13511 202	3,603,328.25	2017/06/30	1,270,404		230,983		1,039,422		
13891 201	3,849,273.00	2023/06/30	2,405,796		192,464		2,213,332		
100234.1	4,341,243.00	2024/12/31	3,899,406		113,927		3,785,480		
101738.1	778,020.83	2010/06/30	156,880		156,880		-		
101738.2	7,215,347.00	2025/06/30	6,569,862		221,021		6,348,841		
102274.1	6,585,000.00	2011/02/28	3,354,476		1,606,505		1,747,970		
102274.2	12,109,500.00	2026/02/28	11,302,924		316,462		10,986,462		
102568	7,007,578.60	2012/12/31	6,437,074		1,580,777		5,485,545		
ABSA -79001690	101,430.00	2015/01/01	101,430		7,323		94,107		
ABSA - 079000448	101,430.00	2015/01/01	101,430		7,323		94,107		
TOTAL EXTERNAL LOANS	53,662,716.92		41,597,138		629,248		37,634,326	167,759,837	

GA-SECONYANA LOCAL MUNICIPALITY
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT

as at 30 June 2010

	Cost / Revaluation			Accumulated Depreciation						Other movements		Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance	Transfers	
	R	R	R	R	R	R	R	R	R	R	R	R
Land												
Land	5,299,906	-	-	-	5,299,906	-	-	-	-	-	-	5,299,906
Landfill Sites	-	-	-	-	-	-	-	-	-	-	-	-
Quarries	-	-	-	-	-	-	-	-	-	-	-	-
	5,299,906	-	-	-	5,299,906	-	-	-	-	-	-	5,299,906
Buildings												
	27,568,841	5,028,124	-	308,596	32,925,561	4,395,043	919,211	-	-	5,314,254	-	27,611,307
Infrastructure												
Drains	-	-	-	-	-	-	-	-	-	-	-	-
Roads	21,811,483	7,544	-	-	21,819,027	12,156,132	1,907,334	-	-	14,063,466	-	7,755,561
Sewerage Mains & Purification	24,444,766	641,633	-	-	25,086,399	5,541,724	1,206,591	-	-	6,748,315	-	18,338,024
Electricity Mains	31,084,195	2,125,959	-	7,197,209	40,407,363	11,397,866	1,703,868	-	-	13,101,754	-	27,305,609
Electricity Peak Load Equip	1,295,543	-	-	-	1,295,543	1,295,543	-	-	-	1,295,543	-	-
Water Mains & Purification	37,128,561	16,630,459	-	4,116,269	57,875,289	9,623,472	1,847,884	-	-	11,471,356	-	46,403,933
Reservoirs - Water	294,341	-	-	-	294,341	153,170	14,716	-	-	167,886	-	126,455
Water Meters	1,339,938	-	-	-	1,339,938	376,650	89,124	-	-	465,774	-	874,164
Storm Water	2,829,045	-	-	-	2,829,045	-	-	-	-	-	-	2,829,045
	120,227,812	19,405,595	-	11,313,478	150,946,885	40,544,577	6,769,517	-	-	47,314,094	-	103,632,791
Community Assets												
Parks & Gardens	3,541,039	-	-	-	3,541,039	768,649	118,028	-	-	886,677	-	2,654,362
Libraries	83,690	40,000	-	-	123,690	28,254	2,925	-	-	31,179	-	92,511
Recreation Grounds	1,603,006	-	-	-	1,603,006	157,632	-	-	-	157,632	-	1,445,374
Civic Buildings	-	-	-	-	-	-	-	-	-	-	-	-
Stadiums	420,000	-	-	-	420,000	132,761	13,999	-	-	146,760	-	273,240
Halls	861,480	-	-	-	861,480	109,291	28,715	-	-	138,006	-	723,484
Theatre	-	-	-	-	-	-	-	-	-	-	-	-
Swimming Pools	312,690	-	-	-	312,690	139,723	15,664	-	-	155,387	-	157,303
Cemeteries	20,000	-	-	-	20,000	4,893	667	-	-	5,560	-	14,440
	6,841,915	40,000	-	-	6,881,915	1,341,203	179,998	-	-	1,521,201	-	5,360,714
Heritage Assets												
Historical Buildings	-	-	-	-	-	-	-	-	-	-	-	-
Paintings & Artifacts	1,777	-	-	-	1,777	-	-	-	-	-	-	1,777
	1,777	-	-	-	1,777	-	-	-	-	-	-	1,777
Total carried forward	159,960,251	24,473,719	-	11,622,074	196,056,044	46,280,823	7,868,726	-	-	54,149,549	-	141,906,495

GA-SEGONYANA LOCAL MUNICIPALITY
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT

as at 30 June 2010

	Cost / Revaluation				Accumulated Depreciation						Transfers	Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance			
	R	R	R	R	R	R	R	R	R	R	R	R	R
Total brought forward	159,960,251	24,473,719	-	11,522,074	196,056,044	46,280,823	7,865,726	-	-	54,149,549	-	-	141,906,495
Other Assets													
Office Equipment	1,030,113		6,030		1,024,083	929,920	59,176	6,030		983,066			41,017
Furniture & Fittings	5,260,782		19,563		5,241,219	3,807,406	457,419	16,817		4,248,008			993,211
Bins and Containers	292,675	23,200			315,875	279,367	9,751			289,118			26,757
Emergency Equipment	104,241				104,241	46,793	8,581			55,374			48,867
Motor vehicles	13,505,437	1,116,649	120,000		14,502,086	9,045,221	1,754,787	90,411		10,709,597			3,792,489
Fire engines	2,172				2,172	1,884	109			1,993			179
Relief tankers													
Computer Equipment	2,391,646	296,691	55,355		2,631,982	1,594,019	246,112	34,952		1,805,179			826,803
Computer Software (part of computer equipment)	1,975,658	6,952			1,986,620	1,926,662	40,989			1,967,651			18,969
Other Assets	20,865,270	12,333,744	163,368		33,035,646	11,507,857	1,586,016	163,277		12,930,596			20,105,050
	45,432,004	13,777,236	365,316	-	59,843,924	29,139,129	4,162,940	311,487	-	32,990,682	-	-	25,853,342
Finance Lease Assets													
Office Equipment													
Other Assets													
Total	205,392,255	38,250,955	365,316	11,622,074	254,899,968	75,419,952	12,031,666	311,487	-	87,140,131	-	-	187,759,837

GA-SEGONYANA LOCAL MUNICIPALITY

APPENDIX B

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT

as at 30 June 2009

	Cost / Revaluation										Accumulated Depreciation										Carrying Value				
	Opening Balance		Additions		Disposals		Under Construction		Closing Balance		Opening Balance		Depreciation		Disposals		Impairment loss/Reversal of Impairment loss		Closing Balance			Transfers		Other movements	
	R		R		R		R		R		R		R		R		R		R			R		R	
Land	5,299,906									5,299,906															5,299,906
Land	-									-															
Landfill Sites	-									-															
Quarries	-									-															
	5,299,906									5,299,906															5,299,906
Buildings	27,588,841									27,588,841		3,708,168		686,875						4,395,043					23,193,798
Infrastructure																									
Drains																									
Roads	21,611,292		200,191							21,811,483		10,347,741		1,808,391						12,156,132					9,655,351
Sewerage Mains & Purification	23,401,133		1,043,573							24,444,706		4,485,370		1,058,354						5,541,724					18,902,962
Electricity Mains	30,693,042		391,153							31,084,195		9,313,974		2,083,912						11,397,886					19,686,309
Electricity Peak Load Equip	1,295,543									1,295,543		1,295,543								1,295,543					27,505,089
Water Mains & Purification	32,453,438		4,675,123							37,128,561		8,483,896		1,139,576						9,623,472					141,171
Reservoirs – Water	294,341									294,341		139,663		13,507						153,170					963,288
Water Meters	1,339,938									1,339,938		294,847		81,803						376,650					2,829,045
Storm Water	2,829,045									2,829,045															
	113,917,772		6,310,040							120,227,812		34,361,034		6,183,543						40,544,577					79,683,235
Community Assets																									
Parks & Gardens	3,541,039									3,541,039		660,316		108,333						768,649					2,772,390
Libraries	83,690									83,690		25,694		2,560						28,254					55,436
Recreation Grounds	1,603,006									1,603,006		108,590		49,042						157,632					1,445,374
Civic Buildings																									
Stadiums	420,000									420,000		119,912		12,849						132,761					287,239
Halls	861,490									861,490		82,935		26,356						109,291					752,199
Theatre																									
Swimming Pools	312,690									312,690		125,373		14,350						139,723					172,967
Cemeteries	20,000									20,000		4,281		612						4,893					15,107
	6,841,915									6,841,915		1,127,101		214,102						1,341,203					5,500,712
Heritage Assets																									
Historical Buildings																									
Paintings & Antiquities	1,777									1,777															1,777
	153,650,211		6,310,040							159,960,251		39,196,303		7,084,520						46,280,823					113,679,428

GA-SEGONYANA LOCAL MUNICIPALITY

APPENDIX B

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT

as at 30 June 2009

	Cost / Revaluation				Accumulated Depreciation						Transfers		Other movements		Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance					
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
Total brought forward	153,650,211	6,310,040	-	-	159,960,251	39,196,303	7,064,520	-	-	46,260,823	-	-	-	-	113,679,428
Other Assets															
Office Equipment	974,718	57,941	2,546	-	1,030,113	789,555	142,911	2,546	-	929,920	-	-	-	-	100,193
Furniture & Fittings	5,263,313	-	2,531	-	5,260,782	3,384,034	425,717	2,545	-	3,807,466	-	-	-	-	1,453,376
Bins and Containers	292,675	-	-	-	292,675	265,535	13,832	-	-	279,367	-	-	-	-	13,308
Emergency Equipment	104,241	-	-	-	104,241	39,886	7,907	-	-	46,793	-	-	-	-	57,448
Motor vehicles	11,101,817	2,563,566	164,946	-	13,505,437	7,699,320	1,492,798	145,897	-	9,045,221	-	-	-	-	4,460,216
Fire engines	2,172	-	-	-	2,172	1,784	100	-	-	1,884	-	-	-	-	288
Refuse tankers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer Equipment	2,003,824	429,690	41,858	-	2,391,646	1,594,603	17,804	18,188	-	1,594,019	-	-	-	-	797,627
Computer Software (part of computer equipment)	1,961,608	18,060	-	-	1,979,668	1,736,666	189,996	-	-	1,925,662	-	-	-	-	53,006
Other Assets	20,743,928	122,377	-	-	20,866,305	10,127,869	1,379,988	-	-	11,507,857	-	-	-	-	9,358,448
Finance Lease Assets															
Office Equipment	42,448,296	3,196,624	211,881	-	45,433,039	25,637,252	3,670,853	168,976	-	29,139,129	-	-	-	-	16,293,910
Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	196,098,507	9,506,564	211,881	-	205,393,290	64,833,555	10,755,373	168,976	-	75,419,962	-	-	-	-	129,973,338

GA-SEGONYANA LOCAL MUNICIPALITY
APPENDIX C
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT
30 June 2010

30 June 2010														
	Cost / Revaluation				Accumulated Depreciation									
	Opening Balance		Additions	Under Construction	Disposals	Closing Balance	Opening Balance		Additions		Disposals	Closing Balance		
	R						R		R			R		R
Executive & Council	924,828		988,324		16,468	1,896,684	595,245		225,519		18	820,746		1,075,938
Finance & Admin	4,782,716		199,383		43,237	4,938,862	3,801,315		271,432		37,614	4,035,133		903,729
Planning & Development	17,256,539		25,971		90,411	17,192,099	9,756,610		1,680,876		90,411	11,347,075		5,845,024
Health	62,277					62,277	36,989		7,416			44,405		17,872
Community & Social Services	92,076		26,040		10,851	107,265	52,818		10,262			63,080		44,185
Public Safety														
Sport & Recreation	6,422,496					6,422,496	1,611,888		321,107			1,932,995		4,489,501
Environmental Protection														
Waste Management	4,979,908		2,492,082			7,471,990	1,494,086		374,175			1,868,261		5,603,729
Road Transport														
Water	38,762,841		16,630,459	4,116,269		59,509,569	10,153,292		1,951,724			12,105,016		47,404,553
Electricity	32,379,739		2,125,959	7,197,208		41,702,906	11,397,886		1,703,868			13,101,754		28,601,152
Other	99,728,835		15,762,738	308,596	204,349	115,595,820	36,519,823		5,487,127		183,444	41,821,666		73,774,154
Total	205,392,255		38,250,956	11,622,073	365,316	254,899,968	75,419,952		12,033,506		311,487	87,140,131		167,759,837

GA-SEGONYANA LOCAL MUNICIPALITY
APPENDIX D
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE
30 June 2010

2010		2010		2009		2009	
Actual Income	Actual Expenditure	Surplus / (Deficit)		Actual Income	Actual Expenditure	Surplus / (Deficit)	
R	R	R		R	R	R	R
5,341,604	10,881,535	(5,539,931)	Executive & Council	4,388,726	8,686,797	(4,298,071)	
15,859,924	16,770,345	(910,421)	Finance & Admin	27,718,593	14,598,558	13,120,035	
1,036,725	5,457,357	(4,420,632)	Planning & Development	562,386	4,670,768	(4,108,383)	
28,386	773,669	(745,283)	Health	305,167	939,518	(634,351)	
13,047,827	12,737,213	310,614	Community & Social Services	8,637,596	16,934,297	(8,296,701)	
1,845,108	4,182,616	(2,337,508)	Public Safety	-	441,236	(441,236)	
1,147,564	7,478,606	(6,331,042)	Sport & Recreation	155,877	3,869,369	(3,713,492)	
		-	Environmental Protection	5,724,931	7,477,991	(1,753,060)	
15,140,624	11,014,621	4,126,003	Waste Management	10,564,357	5,930,507	4,633,850	
1,705,142	11,093,432	(9,388,290)	Road Transport	817,061	1,582,906	(765,844)	
29,862,986	15,858,339	14,004,647	Water	15,792,768	20,746,974	(4,954,206)	
57,116,874	37,647,508	19,469,366	Electricity	35,116,761	26,138,765	8,977,996	
			Other	37,712	4,857,931	(4,820,220)	
142,132,764	133,895,241	8,237,523		109,821,935	116,875,620	(7,053,684)	
			Less: Inter-Department Charges				
142,132,764	133,895,241	8,237,523	Total	109,821,935	116,875,620	(7,053,684)	

GA-SEGONYANA LOCAL MUNICIPALITY

APPENDIX F

DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 1 JULY 2009	Correction of error/ Transfers	Restated balance 1 JULY 2009	Contributions during the year	Interest on Investments	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 JUNE 2009
	R	R	R	R	R	R	R	R
Equitable Share			-	39,086,361		39,086,361	19,322,913	-
DWAF - Sedibeng			-					-
MIG Grant			-	22,553,401				3,230,488
Housing Subsidy Grant			-					-
MSIG	431,358		431,358	850,000		1,079,834		201,524
DWAF - Referishment			-	2,666,587		2,666,587		-
Financial Management Grant	687,763	81,333	769,096	750,000		1,095,000		424,096
Library Development			-	356,000		355,547		453
DME	541,953		541,953					541,953
AMOGELANG	1,215,384		1,215,384					1,215,384
Water and sanitation masterplan	26,132		26,132					26,132
DWAF Water loss			-					-
Total	2,902,590	81,333	2,983,923	66,262,349	-	44,283,328	19,322,913	5,640,031

GA-SEGONYANA LOCAL MUNICIPALITY

APPENDIX E (1)

**REVENUE AND EXPENDITURE
ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2009
GENERAL FINANCE STATISTIC CLASSIFICATIONS**

	2009 Actual (R)	2009 Budget (R)	2009 Variance (R)	2009 Variance (%)	Explanation of Significant Variances greater than 10% versus Budget
REVENUE					
Property Rates	11,741,853	13,426,876	1,685,023	13%	
Government Grants and Subsidies	62,666,298	44,382,184	(18,284,114)	-41%	
Public Contributions and Donations			-	0%	
Fines	622,056	3,291,610	2,669,554	81%	
Third Party Payments			-	0%	
Stock Adjustments			-	0%	
Actuarial Gains			-	0%	
Property Rates - Penalties & Collection Charges					
	1,054,031	1,018,470	(35,561)	-3%	
Service Charges	50,716,383	51,394,090	677,707	1%	
Water Services Authority Contribution			-	0%	
Rental of Facilities and Equipment	1,459,179	1,537,220	78,041	5%	
Interest Earned - External Investments			-	0%	
Interest Earned - Outstanding Debtors	340,049	239,160	(100,889)	-42%	
Licences and Permits	3,466,746	4,217,830	751,084	18%	
Agency Services			-	0%	
Other Revenue	10,066,168	11,246,243	1,180,075	10%	
Unamortised Discount - Interest			-		
Dividends Received			-		
Contributed PPE			-		
Gain on disposal of Property, Plant and Equipment			-		
Total Revenue	142,132,764	130,753,683	(11,379,081)	-8%	
EXPENDITURE					
Executive & Council	10,881,535	11,760,903	879,368	7%	
Budget & Treasury	16,770,345	18,786,055	2,015,710	11%	
Corporate Services	-	-	-	0%	
Planning & Development	5,457,357	5,581,430	124,073	2%	
Health	773,669	815,096	41,427	5%	
Community & Social Services	12,737,213	6,956,377	(5,780,836)	-83%	
Housing			-	0%	
Public Safety	4,182,616	4,622,705	440,089	10%	
Sport & Recreation	7,478,606	7,807,952	329,346	4%	
Waste Management	11,014,621	15,428,960	4,414,339	29%	
Waste Water Management			-	0%	
Road Transport	11,093,432	10,985,948	(107,484)	-1%	
Water	15,858,339	14,116,175	(1,742,164)	-12%	
Electricity	37,647,508	36,808,511	(838,997)	-2%	
Less: Interdepartmental Charges	-	-	-	0.00%	
Total Expenditure	133,895,241	133,670,112	(225,129)	-0.17%	
SURPLUS / (DEFICIT) FOR THE YEAR	8,237,523	(2,916,429)	(11,153,952)		

GA-SEGONYANA LOCAL MUNICIPALITY

APPENDIX E (2)

ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2010
ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT & INTANGIBLE ASSETS
MUNICIPAL VOTES CLASSIFICATION

	2010 Actual	2010 Budget	2010 Variance	2010 Variance	Explanation of Significant Variances greater than 5% versus Budget
	R	R	R	%	
Council	643,892	692,283	48,391	7%	
Executive			-	-	
Planning & Development	17,471	17,471	-	0%	
Finance & Administration	562,242	459,740	-102,502	-22%	Grant/ maintenance
Road Transport	-	-	-	-	
Housing			-	-	
Waste Water Management (Sewerage)	217,714	398,054	180,340	45%	
Waste Water Management (Storm Water)	213,783	143,037	-70,746	-49%	
Water	17,484,159	30,514,032	13,029,873	43%	Projects
Electricity	5,326,838	18,278,282	12,951,444	71%	Projects
Electricity (Street Lights)	-	-	-	-	
Health	-	-	-	-	
Community & Social (Libraries)	87,302	87,302	-	0%	
Community & Social (Halls & Facilities)	1,086,379	8,455,244	7,368,865	87%	Projects
Community & Social (Cemeteries)	5,000	7,134	2,134	30%	
Public Safety	-	-	-	-	
Sport & Recreational	178,609	511,198	332,589	65%	Assets bought from contract workers vote
Waste Management	4,093,391	2,600,000	-1,493,391	-57%	Prev year expenditure added
Other	8,334,175	21,700,451	13,366,276	62%	Projects
Total	38,250,955	83,864,228	19,352,668	54%	